

Message Text

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44

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 EA-06 NEA-10 OPIC-03 SIL-01 /122 W

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P R 021610Z MAY 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 2962

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

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PASS USDOC

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EO 11652: N/A

TAGS: ETRD, PO

SUBJ: GOP LEVIES IMPORT SURTAX

1. PRESS JUNE 2 PUBLISHES TEXT OF DECREE-LAW IMPOSING SURTAX ON WIDE RANGE OF IMPORTS. MEASURE TO TAKE IMMEDIATE EFFECT AND BE IN FORCE THROUGH DECEMBER 31, 1975.

2. TWENTY PERCENT SURTAX IMPOSED ON EXTENSIVE (40-PAGE) LIST OF IMPORTS, PRIMARILY PRODUCTS FOR INDUSTRY BUT COVERING RANGE OF CONSUMER GOODS. THIRTY PERCENT SURTAX IMPOSED ON 10-PAGE LIST OF BASICALLY CONSUMER GOODS IMPORTS CONSIDERED MORE "DISPENSABLE" OR WHERE DOMESTIC PRODUCTION CAN SUBSTITUTE. NOTICEABLY EXCLUDED FROM LISTS ARE BASIC ESSENTIALS (ESPECIALLY FOODSTUFFS) AND GASOLINE, AMONG OTHERS.

3. SURTAX CAN BE REFUNDED WHERE AFFECTED RAW MATERIALS OR SEMI-FINISHED GOODS UTILIZED TO MAKE EXPORT GOOD.

4. GOVERNMENT COMMUNIQUE ACCOMPANYING PUBLICATION OF DECREE-LAW SAYS SURTAX IMPOSED TO REDUCE HEMORRHAGING BALANCE OF PAYMENTS AND PROTECT (AND ENCOURAGE ORIENTATION TOWARD) DOMESTIC INDUSTRY. COMMUNIQUE EMPHASIZED THAT MORE DRASTIC MEASURES SUCH AS IMPORT PROHIBITIONS OR QUOTAS "IN THIS PHASE" WOULD RUN EXCESSIVE RISKS.

5. COMMENT: A. ENGLISH TEXT OF DECREE-LAW, AS WELL AS LISTS OF IMPORTS SUBJECT TO SURTAX BEING POUCHED TO DEPARTMENT AS LISBON A-135 NOTAL.

B. ACTION FOLLOWS IMMEDIATELY UPON ANNOUNCEMENT AT LAST WEEK'S OECD MINISTERIAL MEETING THAT BECAUSE OF URGENT NEED TO LIMIT IMPORTS, DUE TO LOSS OF RESERVES, PORTUGAL COULD NOT RENEW AGREEMENT PLEDGING TO REFRAIN FROM UNILATERAL RESTRICTIVE MEASURES (PORTUGAL WAS ONLY COUNTRY NOT TO RENEW AGREEMENT). (OECD PARIS 13827 NOTAL.)

C. EMBASSY HAS RECEIVED NO DEFINITE INFORMATION THAT THIS SPECIFIC MEASURE HAS RECEIVED APPROVAL FROM PORTUGAL'S EC/EFTA TRADING PARTNERS, ALTHOUGH FOREIGN TRADE MINISTER SILVA LOPES CLAIMED LAST WEEK THAT THEY WOULD "LOOK FAVORABLY" ON PROPOSED RESTRICTIONS.

D. IN OECD MEETING, GOP REPORTED THAT 1974 LOSS OF RESERVES WAS 630 MILLION DOLLARS, WHILE LOSS HAS ALREADY REACHED 440 MILLION LIMITED OFFICIAL USE

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DOLLARS IN FIRST FOUR MONTHS OF 1975. 1975 TREND MUCH GREATER THAN WAS INDICATED TO US PRIVATELY LAST MONTH, ALTHOUGH ONLY SOMEWHAT HIGHER THAN GOP ESTIMATE LAST FALL.
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Disposition Reason:
Disposition Remarks:
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